



Health IT Overview of Europe

The European Union, with a population of over 741 million and a GDP of \$17.1 trillion is the United States' largest trading partner. U.S. exports to Europe topped \$269 billion in 2016. Of that, healthcare (medical, optical and pharmaceutical products) made up \$82.7 billion. Europe spends an average of 10% of GDP on healthcare. Around one fifth of the global eHealth market, worth around \$25.5 billion, is in Europe, and with an estimated annual CAGR of 15.4%, we expect to see an annual value of \$52.65 billion by 2021.

Drivers

The primary drivers for healthcare markets in Europe are 1) the aging population, 2) near universal insurance coverage, and 3) the political will to improve health outcomes. For Health IT, additional drivers are: 4) the desire to rein in costs/improve outcomes through efficiency gains, 5) ICT can serve as a quick fix to upgrade poorly performing systems, and 6) across Europe, patients increasingly expect user-friendlier systems and better information.

Beveridge or Bismarck?

Europe has as many healthcare marketplaces as countries, each with its own social health insurance system, its own reimbursement approvals process, its own legal framework, language, and healthcare culture. With that much diversity, it is a relief to discover that there are only two basic health insurance models: Beveridge systems, in which universal public healthcare is financed by taxes and owned/administered centrally (UK, Sweden, Spain, and Italy are examples of this model), and Bismarck systems, which require that legal residents pay into regional or employment-based insurance funds which in turn cover treatment. This model is found in Germany, France, Austria, the Netherlands and others. Both systems offer a mix of public and private providers, but public reimbursement is managed differently in each market.

Traffic Light Overview

This graphic is from the Euro Health Consumer Index (2017). It shows three zones (in red, yellow, and green) according to a comprehensive set of variables that translate into how well a healthcare marketplace serves its population. The green countries have very high values for access, outcomes, patient information, range of services, prevention, and appropriate pharmaceuticals use. Though it does not treat eHealth per se, the picture is a good indication of which countries have the most advanced healthcare, which are meeting basic needs, and which have serious concerns in one or more set of variables. Each country type will approach the move to eHealth from a different perspective.



Opportunities

In the next five to ten years, we expect to see digitalization in the healthcare space gain speed rapidly. Specific opportunities vary significantly between markets, but there are a few general aspects to consider. First, we note the desire to implement national public "Electronic Health Records" systems, defined as patient health data repositories which provide online access for both patients and their healthcare providers. In 2015, half of all EU countries had an EHR in place and nearly every EU country is rolling out or plans to roll out an EHR before 2020.



Second, it is important to know that the level of digitalization is uneven both within and between European countries. A recent HIMSS study (2015) estimates that 51% of Germany's hospitals are at "EMRAM stage 0" (ICT mainly in administration and billing). In Spain, 42% of hospitals tested scored EMRAM stage 5 (of 7).

Big Spenders

In the wealthy, early-adopting markets of Northern Europe (Sweden, Denmark, Norway, Finland and the Netherlands), digitalization is advanced. Here, the focus will increasingly be on improving interoperability, patient engagement, population health, and chronic disease management. The wealthy markets of Central and Western Europe (U.K., France, Germany, Switzerland, Austria, Belgium, etc.), have a high standard of care but are still building out their basic eHealth infrastructures. These countries are moving to fully digitalize patient information, create electronic health record storage and exchange systems, and ensure data security and privacy. A major motivation is the desire to improve transparency/efficiency and cut costs without sacrificing quality. These wealthy countries are also excellent target locations for pilot projects in a wide range of HIT technologies.

Closing the Gaps

The markets that spend less per capita than the EU average on healthcare (Spain, Portugal, Italy and several smaller transition economies) are also moving toward fully digital systems. These countries have notable regional differences in access and patient outcomes which influence the kinds of eHealth solutions that have the highest priority. The final group of countries are transition and developing economies (Poland, Bulgaria, Romania, Greece, others). These markets have the greatest issues in providing an acceptable minimum level of healthcare, with significant shortfalls in both access and outcomes. Here, eHealth is seen a tool for the modernization of the sector and many projects are financed through the EU. An example for this kind of solution is Serbia's "MojDoktor" system, which enables direct specialist booking and e-prescriptions, dramatically improving patient access practically overnight at a very low cost.

Challenges

There are seven main challenges for U.S. exporters in Europe: 1) competition from European firms; 2) socialized healthcare means that economic incentives are different from those in the U.S. healthcare marketplace; 3) the financing environment for ICT investment is difficult, because it does not easily fall into a reimbursement category; 4) widespread concerns about data privacy, security and integrity, 5) regulatory concerns: medical device (MDR) certification and the new data protection legislation (GDPR); 6) provider reluctance to embrace change; and 7) the heterogeneity of the region, which means that there is no "one size fits all" solution or selling technique.

A Unique Value Proposition

The U.S. Commercial Service (CS) is the export promotion agency of the U.S. Department of Commerce. With offices throughout the United States and in more than 80 countries worldwide, our mission is to help U.S. companies find customers and achieve their business objectives overseas. The Health IT Affinity Group is composed of CS trade professionals located in embassies and consulates across Europe. We work together to create insightful market intelligence, provide high-quality counseling and commercial diplomacy, as well as tailored matchmaking, government-to-government advocacy, due diligence services, and promotional activities. All fee-based services are provided at a cost-recovery rate.

Let's talk about how the U.S. Commercial Service can help you enter the European healthcare market:

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